

Message Text

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ACTION OES-04

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9083

INFO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ENRG, RP

SUBJECT: FUEL SUPPLY FOR NUCLEAR POWER PLANT

TOKYO FOR ERDA/SCI REP

1. EXECUTIVE SECRETARY MELCHOR HAS EXPRESSED CONCERN TO THE EMBASSY ABOUT THE AVAILABILITY OF FUEL FOR THE PHILIPPINE NUCLEAR REACTOR, APPARENTLY BECAUSE OF REPORTED CANCELLATION BY WESTINGHOUSE OF SUPPLY ARRANGEMENTS WITH KOREA. HE ACCORDINGLY HAS ASKED EMBASSY TO EXPLORE SITUATION AND ADVISE HIM AS TO HOW GOP SHOULD PROCEED TO ASSURE FUEL AVAILABILITY ON TIME-TABLE INVOLVING REACTOR STARTUP IN 1982.

2. IN RESEARCHING FUEL SUPPLY PHASE OF NUCLEAR POWER PROJECT EMBASSY HAS LEARNED THAT GOP APPARENTLY HAS FIRM FUEL ENRICHMENT CONTRACT WITH ERDA, CONTRACT AT (49-14) UES/PH/100, (PLEASE CONFIRM) AND HAS ALSO INITIALED FUEL FABRICATION CONTRACT WITH WESTINGHOUSE. WE ALSO UNDERSTAND FUNDING FOR FUEL PROCUREMENT WAS PART OF NPC FINANCIAL BROCHURE PRESENTED TO EXIM BANK. HOWEVER, NPC HAS NOT YET CONTRACTED FOR PROCUREMENT OF YELLOW CAKE (U3O8) OR CONVERSION OF CAKE TO UF6 GAS.

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6. URANIUM PROCUREMENT IS PART OF EMBASCO CONSULTING CONTRACT BUT LOCAL REP ADVISES HE HAS NOT YET FOCUSED ON THIS PROBLEM. WE UNDERSTAND THAT EBASCO NEW YORK MIGHT BE ADVISING NPC TO CONTRACT DIRECTLY WITH ATLAS CHEMICAL FOR PROCUREMENT AND CONVERSION OF YELLOW-CAKE.

4. ACCORDING TO LOCAL WESTINGHOUSE REP, YELLOW-CAKE SUPPLIES ARE VERY LIMITED IN U.S. AND WESTINGHOUSE DOES NOT RATE EBASCO CHANCES FOR SUCCESS IN PROCUREMENT VERY HIGH. WESTINGHOUSE HAS SUGGESTED GOP BE ADVISED TO INITIATE GOVERNMENT-TO-GOVERNMENT CONTACT WITH AUSTRALIA, CANADA, OR FRANCE, IN THAT ORDER.

5. ALL THINGS CONSIDERED, IT WOULD BE UNFORTUNATE IF GOP WENT TO NON-U.S. SOURCE FOR FUEL SUPPLY. HOWEVER, EMBASSY IS NOT ADEQUATELY FAMILIAR WITH CURRENT STATUS OF U.S. FUEL MARKET TO RESPOND TO MELCHOR INQUIRY. FROM LAST SUMMER'S CABLE TRAFFIC ON ERDA ENRICHMENT SERVICE CONTRACTS WE HAVE THE IMPRESSION THAT U.S. UTILITIES MIGHT BE RELEASING FUEL COMMITMENTS AS WELL AS ENRICHMENT CONTRACTS. IF THIS IS STILL A REAL POSSIBILITY, WE WOULD LIKE TO BE IN POSITION TO INFORM EXECUTIVE SECRETARY MELCHOR AND NPC OF BEST WAYS TO TAKE ADVANTAGE OF SUCH FUEL ACQUISITION OPPORTUNITIES.

ACTION REQUESTED: WE WOULD APPRECIATE AS SOON AS POSSIBLE A REPORT ON SUPPLY SITUATION, POTENTIAL SUPPLIERS, CURRENT AND PROBABLE FUTURE PRICES, DELIVERY LEAD TIMES, ETC. FYI. WESTINGHOUSE ESTIMATES FUEL WILL BE NEEDED IN 1979, ALTHOUGH WE UNDERSTAND REACTOR CHARGING WOULD OCCUR ON PRESENT TIMETABLE ABOUT 1982.
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